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> Soviet Bloc and Western Support for Economic Development in Lebanon

> > (Project # 40.1045)

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The purpose of this report is to record and evaluate the progress of economic penetration of Lebanon by countries of the Sino-Soviet Bloc and to provide at least a part of the data necessary for the planning of countermsasures.

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SUPPRARY AND CONCLUSIONS

Gountries of the Sino-Soviet Bloc have emerted only a small influence upon Lebanon's economy in recent years. Foreign trade with these countries has accounted for only about two percent of Lebanon's total foreign trade since 1951. Bloc countries, however, are attempting to improve their economic relations with Lebanon and their efforts are meeting with some success. Bloc overtures include the establishment of trade agreements and trade offices, upward revisions of the quotas of old trade agreements, the removal of hard-to-sell fruit surpluses, and, most notably, offers of technical assistance in industrial planning and the provision of plant installations on long-term credit. Bloc accomplishments to date are significant, not in their effect upon the economy of Lebanon, but in made easier

U.S. technical assistance and long-term loans far outweigh all

Bloc evertures. U.S. grants to Lebanon totaled \$11.9 million over the

period June 1950-June 1955. About half of this amount was utilized in

Piscal Year 1955. In addition, \$5 million was loaned through the Export
Import Bank in early 1955. U.S. advisors have worked in close cooperation

with Lebanese planners so that U.S. expenditures are devetailed with

Lebanon's own economic development expenditures. The latter averaged

about \$9 million per year in the 1954 and 1955 budgets.

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By comparison, Bloc long-term credits under consideration probably total less than \$5 million. Bloc offers also coincide with the general objectives of Lebanon's economic development program but, with the exception of attempts to participate in planning functions, are simed at the establishment of specific plants rather than at the development of basic sectors of the economy.

It is possible that the Bloc offers of industrial installations are receiving more effective competition from France as a result of the new trade agreement negotiated with Lebanon in 1955. This agreement contained provisions for the extension of long-term credits for capital aquipment and engineering services.

Further reduction of Lebanon's trade with the Sino-Soviet Blos could be most effectively accomplished by the development of new markets for her exportable surpluses of citrus fruits.

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I. Lebanon's Trade with the Sino-Soviet Bloc

A. Value and Composition of Trade

Trade with the Sino-Soviet Bloc has constituted a relatively insignificant portion of Lebenon's total foreign trade (see Table 1).

From 1951 to 1954 trade with the Bloc countries amounted to only two percent of the total value of both experts and imports. In the first half of 1955 Lebanese experts to the Bloc increased to \$865,000 (3.2 percent of total exports) from \$44,000 (0.2 percent of total exports) in the comparable 1954 period. Lebanon's exports to the USSR - a negligible factor in previous years - accounted for ever 40 percent of Lebanon's exports to the Bloc countries. Lebanon's imports from the Bloc, although increasing to \$2,267,000 in the first half of 1955 from \$1,850,000 in the first half of 1954, continued to account for only 2 percent of its total imports.

Lebanon's exports to the Sino-Soviet Bloc have consisted almost entirely of agricultural products, primarily citrus fruit (see Table 2).

In 1951-54 exports of citrus fruits and oranges to the Bloc accounted for between 20 and 30 percent of Lebanon's total citrus and orange exports. Imports from the Bloc countries have consisted principally of lumber, paper products, cotton textiles, porcelain and crystal products.

Csechoslovakia is Lebanon's principal Bloc trading partner, followed by Rumania.

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							(Values in thousands of dollars)	ands of the	(Figure 1)		Appro
Neg Total to Asperts of Lebenon	Total to Recia		of total)			Part Grant					oved Fo
1381	80	1,525	ä	85	ST.	## ##	ৰ	1	768	1	r Rel
1952	20,03	1,584	9.0		82	es m	740	1	ঞ	1	eas
1953	7,678	1,100	0.9	H	260	×		1	O)	1	e 20
1954	84T'04	2,079	ei ei		25 7	n	1	I	S	*	00/0
Jan-June 35	26,29	8	er er	24 18	ā	*	×	M		K	4/17 #
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1951	189,834	3,70	9	661	2,137	M	The state of	ដ	3	덛	-RDF
3267	179,503	17.45	5.9	8	2,160	aci Ma	92	93	ä	8	279T
1953	183,890	3,537	1.9	340	1,542	# H	Ŕ	র	8	88	010 2
156	8,4	4,132	67		167'3	8		5	2775	15	49A(
25 and 50	190,767	2,267	179	A	1,093	Fi	河	601	89	2	0014 #4
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In 1954 Lebanon encountered difficulties in disposing of its export surplus of citrus fruits. In addition to Lebanese prices for citrus being higher than those of North Africa, improperly sorted and packed fruit exposed prospective importers to the risk of buying damaged er inferior products. 2/ The French Government imposed an import restriction delaying the entry of Lebenese citrus fruits until 1 March 1954 (the end of the Lebanese crop-picking season) to avoid competition with the North African crop. 3/ Continuing efforts by the Lebanese Government to find new markets for its agricultural products led to a strengthening of trade ties with the Bloc countries, who were quick to Later that year take advantage of this situation. / Rest Germany and the Soviet Union concluded agreements with Lebanon under the terms of which they agreed to ascept up to 60 percent of their imports from Lebanon in citrus fruits, bananas and apples. 4/ Press reports at the conclusion of the Soviet-Lebanese agreement were favorable, noting that it opened up new markets for surplus fruits.

TABLE 2
Lebanon's Exports of Citrus Fruits 5/
(values in thousands of dollars)

Year	Total To World	Amount	te Mos fercentare	Caecho- alovakia	East Germany	Busania	Bulgaria
1950	1,489	669	45				
1951	3,387	705	21	430	-	275	-
1952	3,321	786	24	769	**	17	-
1953	2,897	847	29	847	-	•	-
1954	4,491	989	22	653	13	323	₩,

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The annual value of trade transiting through the free port of Beirut amounts to nearly three times the value of Lebenon's own foreign trade.

About 1 percent of this transit trade is to or from Soviet Bloc countries. 6/

B. Hice Efforts to Promote Trade with Lebanon

Countries of the Sino-Soviet Sloc have been increasingly active in their efforts to promote trade with Lebanon. These efforts have included the exchanging of delegations, the establishment of trade offices, the negotiation of trade agreements and intensified advertising.

1. Trade agreements a

With the signing of agreements with Communist China, Foland, and Rumania in the first week of January 1956, Lebanon now has trade agreements with 6 Sino-Soviet Bloc countries. The others are the USSE, East Germany, and Czechoslovakia.

The trade agreement with the USSR renewed for a 1 year period in October 1955, calls for annual trade in each direction of \$3.1 million. 7/
Trade, however, has been running at about one-tenth this level. 8/ The previous agreement signed in April 1954, provided for the same value of trade in each direction. Under the 1954 agreement, the USSR agreed to secept up to 60 percent of its imports in citrus fruits, bananas and apples. 9/

The East German trade agreement, revised in November 1955, calls for an increase from \$1 million to \$1.5 million for the value of

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A Values have been converted to U.S. dollars at the (free) rate of 3.23 pounds per dollar, and have been rounded to the nearest hundred thousand.

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goods to be exchanged each way. 10/

The Lebanese-Csech protocol, signed in November 1954, amended certain provisions of the trade agreement signed in July 1952. The principal changes are as follows: (1) additions were made to the list of products to be exchanged between the two countries; (2) the target minimum for Lebanese exports was increased from \$1.5 million to \$2.5 million; (3) the Csechs agreed to increase their citrus fruit imports from 5,000 to a minimum of 6,500 tons per year. 11/

The new agreements recently concluded contain the fellowing provisions: 12/

a. Poland

\$600,000 worth of Lebanese fruits is to be exchanged for Folish agricultural and industrial machines.

b. Rumania

\$400,000 worth of Lebanese fruit: is to be exchanged for Rumanian timber and other products.

C. Communist China

Lebanese sugar, tobacco and small boats are to be exchanged for Chinese tea, rice and textiles.

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2. Commercial representation

The USSR, Czechoslovakia, Kast Germany and Hungary have established permanent trade representations in Lebanon during the past few years. Only the USSR and Czechoslovakia have diplomatic representation, however.

The Soviets have a diplomatic staff of about thirty (including both officers and employees but excluding wives and children) and the trade representation is believed to have a staff of six. 14/ The Soviet commercial representation was given diplomatic status under the terms of the April 1954 trade agreement. It was reported in December 1954 that the trade mission

A had rented a two-story building on the corner of Rue Kantari and Rue

A Justinian, Ras Beirut, where it planned to set up a permanent showroom of Soviet industrial and consumer goods. 15/ Members of the trade office planned to live in apartments on the second floor. 16/

Information dated from October 1954 - March 1955 indicated that the Soviet sommercial staff was made up of the following: 17/

- a. Leonid S. Yeshov, commercial attache
- b. Victor K. Kitashov, assistant commercial attache

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- c. Leonid S. Bochkov, employee
- d. Mikhail Kolelichvili, employee
- e. Yuri Frochin, employee
- f. Vladimir Radivanski, employee

The present size of the other staffs has not been determined.

It may be significant that the new Csech Minister to Lebanon, Mr. Cenek

Herold, who presented his credentials on 18 June 1954 (replacing Karel

Stanek who defected) is experienced in economic affairs. Mr. Herold is

reported to have directed industrial establishments in Csechoslovakia

from 1945 to 1947, and was appointed economic and political director of

the industrial sector of the Food Ministry in 1948. 18/ Herold also is

reported to have been trained in the Soviet Institute for Psychological

Warfare and to have worked in Moscow for a considerable period of time. 19/

A December 1953 report lists five members of the Csechoslovak commercial representation, some of whom are known to be there still. The five, and their special fields, are: 20/

- a. Richard Sedlacek, commercial counsellor
- b. Miles Bubenicek, textiles a/
- o. Bohumil Dohnal, timber a/
- d. Zdenek Hrdina, metals a/
- e. Bail Peenicks, glass and chinaware a

It has also been reported that one, Truhasek, would be sent

The commercial employees very likely handle many more commodities than those listed.

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to Lebanon in the 2nd quarter of 1955 as a long-term representative of Technoexport, 21/

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In addition, 17 Cmech delegates (6 of whom were to be technicians) were scheduled for short-term visits to Lebanon in the 1st 25X1C

quarter of 1955.

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One of the Hungarian commercial representatives in Beirut has been reported as one, Petho Karely. 23/

The trade agreements signed with Red China and Rumania in early January 1956 provided for the establishment of permanent trade missions in Lebanon by those countries. The staff of the Rumanian mission was to be limited to three and that of Red China to five. The Peles, who also negotiated a trade agreement in January, reportedly did not request permission to establish a trade mission. 24/

3. Establishment of a Mared Chamber of Commerce

It is known that in January 1955 the Csech commercial representation in Beirut received instructions to investigate the possibility of forming a mixed chamber of commerce which could act as an intermediary between the commercial attache and Lebanese authorities. 25/ This type of organisation which is frequently sponsored by bloc trade officials in

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western countries typically consists of prominent businessmen who cooperate with the Bloc commercial attaches insolving problems arising in trade between their respective countries.

4. Competitive Bidding

Beginning in the latter part of 1953 several Bloc countries, notably Czechoslovakia and Hungary, intensified their advertising in the Lebanese press. 26/ Textiles, glassware, electric motors and other electric products, pharmaceuticals and optical goods appeared to be the most actively promoted. 27/

Several instances of very low pricing have been reported. A textile importer cited an extreme case involving a type of rayon cloth available at 14 cents per meter from Csechoslovakia and at 22 cents per meter from the next cheapest source. 28/ A May 1955 report stated that the Soviet legation in Beirut had offered 5 deep-hole rotary drilling rigs to a Lebanese firm for \$25,000 each, compared with \$75,000 for similar U.S. made rigs. 29/

The Lebanese press of 2 November 1955 reported a USSR offer to buy all the tebacco Lebanon could produce over a five-year period. 20/On the following day the press carried a warning by Deputy Edde that such an agreement could result in disaster for cultivators if, after expansion for the Soviet market, Soviet purchases should suddenly be stopped. 21/

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A high efficial in a because tobacco monopoly said he considered the deal too risky and doubts that it will be consumpted. $\frac{m}{22}$

It has also been reported that Csechoslovakia has made the best effer for the purchase of the output of an iron mine in southern Lebanon. The iron content of the ore reportedly is 60 percent. 33/

5. Use of the Free Zone in Lebensee Harbors

It is known that at least as early as January 1955 Cmech trade officials were considering the acquisition of a warshouse at either Beirut or Tripoli for their goods going to Lebanon and other Middle Eastern countries. 34/

In November 1954 it was reported that a USSR foreign trade organization was considering Beirut as a transshipping point for its shipments from the Black Sea to the Middle East and South Asia. 35/

II. Capital Equipment Installations and Technical Assistance Received from Abroad

A. From the Bloc

Both Czechoslovakia and Hungary have been actively bidding for plant installation contracts in Lebanon. The Czech efforts have been the more intensive and, apparently, the more successful.

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In June 1955, a delegation of Lebanese industrialists was given an all-expenses-paid tour in Csechoslovakia by the Csech government. 37/ The delegation was headed by the Minister of the Economy of Lebanon and included the president of the Lebanon Association of Industrialists. 36/ Upon their return in July the Minister announced that agreement had been reached for the provision by Czechoslovakia of equipment for the establishment of sugar refining, electric power, shoe manufacturing and motor vehicle plants. 29/ These plants would be supplied on long-term credits (20% down, balance within 5 years) 40/ which would be repaid in Lebanese exports. Al A later report stated that agreement had been reached by the delegation to receive Csech industrial consultants (at no expense to Lebanon) who would make studies of existing plants, suggesting improvements and making recommendations for the construction of new plants. 42/, This report stated further that new plants for the manufacture of ceramics, glassware, paper, and lumber were under consideration, and that Csech technicians would be furnished to supervise the installation

of equipment and to train operating personnel. 43/ In late September 1955 an article in the Beirut press discussed the proposed sending of Csech technicians as industrial consultants and stated that the Csech firms Kevo and Strojexport had already provided the equipment for a plant of the Selica Footgear Co. 44/ It was not clear, however, whether this installation was an implementation of the June agreements or of much earlier origin. A late December 1955 press report stated that a Csech mission would soon visit Lebanon to advise fruit growers on packaging techniques. 45/

Hungary is not known to have won contracts as yet for either plant installations or construction work in Lebanon, but she has been working to that end. It has been reported that in April 1954 a Hungarian government engineer, Istvan Halass, representing the industrial concern, Gans, approached a Beirut businessman, Muhi-al-Din Yafi, with the idea of setting up an assembly plant in Beirut. 1667 The plant would assemble, inter-alia, refrigerating equipment. 1777 These negotiations are believed to have broken down classe no additional reports on the subject have been received and since neither of the principals reported, involved has traveled between Lebanon and Hungary since the first negotiations were reported.

A report of March 1955 indicates that Hungary received from an

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unnamed member of the Lebanon Chamber of Deputies advance notice of the specifications for the soon-to-be-constructed National Olympic Stadium. 48/ With this advance information Hungarian officials reportedly are confident that their tender will be accepted and are planning an elaborate propagation exploitation. 49/ They also are said to have received advance specifications of a project for the replacement of Beirut street cars with buses and are believed to have initiated plans to get the contract. 50/ Hungary also is reported to have offered to build a cement plant in Lebanon.51/

East Germany reportedly has made small-scale efforts to sell engineering services to Lebanon. These consist of an offer to build a cement plant and the submittal of plans for a tobacco factory to be built at Al-Hadath. The tobacco factory plan, which was submitted in April

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1955, was drawn up in Berlin

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The cement plant offer, involving \$1 million

worth of equipment, was made by DIA Invest-Export in early 1955 to Karl Lugenhaft on Rue Ma*rd Imm. Akra, Beirut. 53/

B. Non-Bloc Economic Aid to Lebanon

Non-Bloc economic aid to Lebanon has come almost exclusively from the U.S. France appears to be the only other benefactor, having established two agricultural experiment stations, one at Tel-el-Mara and the other at Tripoli. 54/ The 1955 trade agreement with France contained NOFOT**M**

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clauses stating that France would make available credit for the purchase of capital equipment by Lebanon and that the execution of Lebanese development projects by French firms would be facilitated. 55/

u.S. Government grants to Lebanon for economic and technical assistance during the period June 1950-June 1955 totaled \$11.9 million. 56/
In addition, a \$5 million credit was extended during early 1955 on terms of 15 years at 3 percent. About \$5.25 million in U.S. funds were expended in the fiscal year 1955. 57/ In order of magnitude, U.S. aid was expended on transportation, agriculture and natural resources, education, health and sanitation, industry and mining, social welfare and labor. 52/

<u>Iransportation</u>

Buring the first six months of 1955 the U.S. agreed to furnish a total of \$5.7 million to Lebanon for the construction of a highway from Seirut to the Syrian border. The bulk of this amount, \$5 million, was loaned by the Export-Import Sank. The remaining \$0.7 million was granted to purchase \$0.5 million worth of American equipment and to finance a \$0.2 million survey by an American firm. 59/

Agriculture and Natural Resources

In June 1954, the Government of Lebanon and the U.S. Government signed a Special Economic Assistance Agreement which included a project for agricultural improvement. The U.S. Allocated \$2.5 million for the project. 60/ In addition, the U.S. has aided in the establishment of

an agriculture extension service employing U.S. specialists with 30 offices throughout the country. The Tervol Experimental Farm was established with U.S. aid and turned over to the Lebanese Government in 1955 to be operated by Lebanese personnel trained by American technicians. 61/

Surveys for the Litani River Projects for hydroelectric power and irrigation were completed with U.S. financial and technical assistance and a U.S. contribution of \$2 million was made for a village water supply project. In addition the Lebanese Government and the U.S. are jointly making water reconnaissance surveys of 11 river basins to determine additional water development projects. 62/ In June 1955, a \$27 million lean was authorised by the International Bank for Reconstruction and Development for the Litani River Project. The loan has been approved by the Lebanese Cabinet and referred to the Chamber of Deputies for final approval. 63/

Ladustry

A project agreement between the Government of Lebanon, the U.S. and the Association of Lebanese Industrialists in March 1953, created the Industry Institute as a channel for the exchange of technical knowledge, and production methods and to assist and encourage Lebanese industry. Shi

For a country of its size, Lebanon is one of the most industrialized in the Middle East. Although the government plays a minor role in the

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overall economy of Lebanon it exercises a very important influence in the development of such basic sectors as transport, irrigation, and power.

A. The Role of the Government

1. Budget and Organization a/

About twenty percent of Lebanon's 1955 budget was allocated for economic development expenditures. This represents a slight increase over 1954 allocations, as is shown in Table 3.

Table 3 65/
Value and Proportion of Economic Development Expenditures
in the Budget of Lebanon 1954-1955

	195	4	1955		
	Value (\$000)	Percent	Value (\$000)	Percent	
Total Budget	45.096.6	100	13.737.7	100	
Expenditures other than for Economic Development Economic Development Expenditures	36.375.2	80.6	40.603.9	80.2	
Public Works Projects Highways Ports Airports Water supply and	4.900.9 b/ 3,643.3 32.5 141.2	10.9	5.916.4 b/ 5.399.4 77.4	11.9	
irrigation Telephone equipment Agricultural projects Education, Welfare and other Technical Assistance	235.3 782.0 66.6		239.9 1,144.0 55.7		
Projects Participation in	3.820.5 b/	8.5	1.910.8 b/	7.9	
USOM Projects Other	825.2 2,995.3		808. 2 3,102.6		

Governmental expenditures in the field of economic development

prior to 1955 were made, for the most part, under the auspices of the Ministries

Values originally given in Lebanese pounds have been converted to U.S. dellars at the (free) rate of 3.23 pounds per dellar, and have been rounded to the nearest hundred thousand.

b/ These allocations do not include "salaries and ordinary operating expenses" which the budget combined in one general budgetary item. Inclusion of these items under the related projects would approximately double the totals given.

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of National Economy and Public Works. Under the Ministry of National Economy there was established in 1953 an Economic Planning and Development Board for the purpose of studying development requirements, preparing plans for and supervising the execution of development projects. 66/ However, in Mevember 1954, government activity in the economic development of Lebanon was centralized in a new Ministry of Central Planning which includes the above mentioned Board and six bureaus formerly under the Ministries of Mational Economy and Public works. 67/ Greater public and private development expanditures were further stimulated by the establishment of the Industrial, Agricultural and Real Estate Credit Bank to which the government supplied 40 percent of the \$1.5 million capital, and private intereste the remainder. 68/ This bank began operation in January 1955.

In September 1954, the Prime Minister stated that the establishment of a "general plan for economic development, based on the nation's
resources and its needs, and a list of prejects in order of priority" was a
principal objective of the government. The Prime Minister further stated
that the government should "hasten execution of the various construction
projects, particularly the hydro-electric projects and take urgent measures
for developing the production of electric power, whether through the Litani
Project or the Beirut Office of Electricity." 69/ Lebanese government
development expenditures have been chiefly for transport, communications

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and irrigation and power projects.

2. Irrigation and Electric Power Projects a/

The Lebanese Government has put great emphasis on the development of water resources for production of hydroelectric power and for irrigation and drainage systems. The largest planned project in this field is the Litani River Project which is divided into three phases for hydroelectric power and irrigation of the following areas: Kasmie, Akkare, Yammounch, and Orontes. 29/ The surveys for this project were completed in 1954 and, concomitantly, a National Litari Board was established and alloted \$1.5 million for initial expenses. 71/ In October, 1954 the Litani office issued an invitation for applications to bid on the preparation of plans and supervision of construction of the first phase of the project. 72/ It was reported in the first quarter 1955 that an American firm had received the award for the engineering on this first phase but that the award was subsequently withdrawn. 23/ The total period for construction on this project is expected to be 25 years and is estimated to cost \$105.9 million in all.

In March 1953, the Government of Lebanon passed a four year plan for the Village Water Supply Project costing \$7.7 million. 7%/ In the same period a project was formulated for the creation of a \$31.0 million

Apparent discrepancies between expenditures reported below and budgetary allocations are probably due principally to the facts that: (1) budgetary allocations for projects do not include the costs of wages and ordinary operating expenses; (2) some expenditures are made from unexpended funds from previous years.

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water resources development corporation, to be named The Mational Company for Water and Electricity in Lebanon, to which the Lebanese Government would subscribe 55 percent of the capital over a 10 year period. 75/ In August the government purchased the Beirut Electrical Company and established the office of Electricity and Public Transportation, 76/

3. Transportation Projects a/

The Lebanese development program also includes plans for expansion of transportation facilities. The Lebanese government and the Beirut Fort Company, in the first quarter of 1955, were discussing a possible expansion of the port facilities and the company was reported to have expressed willingness to invest \$24.8 million in the project. 77/ In June 1955, the company was drawing up plans and arranging the financing of the expansion.

At the same time, negotiations were underway for a \$3.7 million contract with an Italian firm (Vianini) for development of the Fort of Tripoli. 78/

The Beirut International Airport project which was inaugurated in April, 1954, was financed by the Development Works fund and is reported to have cost \$14.6 million. 79/

For expansion of the public roads system, the Lebanese
Government initiated a five-year public roads program to which the US had
allocated \$1.5 million. 80/

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B. The Investment Climate of Lebenon

Lebanon has an excellent climate for foreign investment in that it has completely free currency exchange and an income tax exemption law. The local market is small, however, and is further limited by low incomes. The per capita income of the estimated 1.6 million population of Lebanon is believed to be about \$180 per year. \$1/ Lebanon's importance as a transshipping point, however, gives her ready access to Mediterranian markets.

C. U.S. Private Investment in Lebanon

U.S. private investment in Lebanon is limited, apparently, to one bank branch and a joint stock company for the manufacture of paints.

The Chase Manhattan Bank opened a branch in Beirut on 26 September 1955. The Bank of America recently established a regional representative in Beirut and is considering a branch office there. The Israel Boycott Office (of Lebanon), however, has been considering action against the Bank of America because it has extended substantial loans to Israel (some of 5-year term). If a boycott action were instituted the bank would presumably be precluded from doing business in Lebanon since it would be unlawful for Lebanese citizens to patronize it. Chase Manhattan also has made loans to Israel but no boycott action against it is known to be contemplated at this time. 62/

Since Pan American Airways sold its interests in the area to

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Middle East Airlines in early 1955, the only joint Lebanese-American business venture is the recently-fermed Sipes International Paint Manufacturing Company. The board of this joint stock company is chaired by a Lebanese citizen and consists of both Lebanese and Americans. The company is the outgrowth of a large American paint distributorship, and will take over the supply of the distributorship's former markets throughout the Middle East. The products' competitive position recently has been improved by taking advantage of reduced labor and transport costs. 63/

D. Planned Private Industrial Expansion

According to a State Department despatch of June 1955 four private industrial projects were known to be planned for the immediate future. They are: 84/

- 1. A best sugar plant in the Bekas area
- 2. A coment plant near Sidon
- Two fruit processing plants, one at Siden and another at Tripoli

To these may be added the plans of the Kadisha Gompany for the construction of four new hydro-electric power plants. These will be the Abu Ali (2,500 kw), Har Lieha (2,300 kw), Kadisha II A (3,100 kw) and Kadisha II B (4,600 kw). Work on the Abu Ali was begun in August 1955

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and on the Mar Licha in September 1955. Both should be finished by 1957. 25/

It is considered probable that bids for installations of

these plants have been prepared by Soviet Bloc countries.

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APPENDIX I

Lebanese Firms Selling Bloc Products 86/

A. Capital Goods

- Barbir, Lasarich Building, Beirut represents Komplex (Hungary)
 which exports whole plants and plant installations
- 2. Bayhum, Ajami, Kitabi et Gie, Beirut represents Skoda (Csech)
 which produces machinery and motors
- 3. Beustani Brethers, Beirut represents Motokov (Gsech) which exports motor cars and light engineering products
- 4. Georges Daghir handles Soviet autos
- 5. Chehab (Shihab?) Freres, Beirut represents Technoimpex (Humgary)
 which deals in machine tools, diesels, agricultural machinery
 and installations for light industrial plants
- 6. Gandour and Habbal, Beirut represents Metokov (see #3 above)
- 7. Gendour (person) In January 1955 a man by this name reportedly
 was in Prague where he negotiated for sugar refineries and two
 cement plants (among other things). He may be associated with
 the firm in #6 above or with the firm of Masim Ghandur of Tripoli.
- 8. Georges Kliss, 53 Rue de Patriarche Hayek (Beirut?) possibly representative of Technoexport (Gmech)

B. Gensumers Goods and Equipment

1. Maison Ara et Gie, Beirut - sells Casch photographic equipment (Flexaret)

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- 2. Fackard Aydinian et Fils, Beirut sells Gmech optical and medical equipment
- 3. Camille Daghir sells Soviet radios and electrical apparatus Cervenka - was offered opportunity of representing Pragoexport (Osech) on a 5% commission basis
- 4. Nicola and Musa Deba*i (Diba*i?) et Cie, Beirut sella druga from East Germany
- 5. Diyab represented Pragoexport (Csech) but Csech officials were discontinued their relationship in early 1955
- 6. Djerdjian (Jerejian?) Freres, Beirut sells East German chemicals and pharmaceuticals
- 7. Tabbakian Freres (Bishara-al-Khuri St.) Beirut sells textiles and toweling from Hungary
- 8. Joseph Chamiri sells Soviet photographic and engineering instruments
- 9. As'ad Majjar, Seirut sells typewriters from East Germany
- 10. Elian et Rabbath, (Baltagi Building) Beirut sells pencils, pens and ink from East Germany
- 11. Michel Saydah and Co., Beirut sells glassware from Glassexport (Czech)
- 12. Andre K. Tabourian, (Nessouli Bldg.) Beirut selle Agfa film from East Germany

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- 13. Ets. G.T. Toursakissian, Beirut sells Casch dental equipment
- 14. Elis Qazan sells Seviet silk and linen goods
- 15. Abdullah Uthman sells Soviet chemicals

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